

TAYLOR BANK

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April 11, 2005

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
comments@fdic.gov

RE: RIN 3064-AC89 Community Reinvestment Act Regulations

Dear Mr. Feldman:

We support the federal banking agencies proposed rulemaking change that raises the small bank threshold to \$1 billion to eliminate CRA data collection and reporting of small business, small farm and community development loans. This change could reduce the burden of CRA compliance on community banks without diluting in any way the public policy objectives of CRA. Additionally, we are pleased that this proposal broadens the definition of community development to include all activities that benefit not just low and moderate income residents, but also residents of underserved rural areas and designated disaster areas.

We do not support the idea of having a new category of "intermediate small banks" which will be subject to a special type of CRA examination. Our current asset size is \$379MM. Like many community banks we face intense competition for a limited supply of qualified investments that are safe and sound and yield an acceptable return. It concerns us that an intermediate small bank would not be eligible for an overall rating of "satisfactory" unless it received ratings of "satisfactory" on both the lending and community development tests. We feel the proposed community development test rules are too vague, too subjective, and too open for examiner interpretation and discretion. It is inconsistent that if a small and large bank can pass CRA just on the lending test, why must an "intermediate small bank" be required to pass both lending and community development tests?

In summary, parts of this proposal will lead to a less burdensome and more efficient CRA compliance process for community banks. However, the proposed community development component of the intermediate small bank exam is too subjective and does not offer enough guidance for banks. We do not feel this test is an improvement over the current large bank lending, service and investment tests. **Consequently, to reduce regulatory burden, we believe the proposal should be changed so that banks will be treated as a small bank for CRA purposes if their asset size is less than \$1 billion.**

We appreciate the opportunity to comment on this important proposal.

Sincerely,
CALVIN B. TAYLOR BANKING CO.

Reese F. Cropper, Jr.,
Chairman & CEO

CRA proposal 3/2005/rfc

Branches:

- | | |
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